

**ASSEMBLY BILL**

**No. 1080**

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**Introduced by Assembly Member Alejo**

**(Principal coauthors: Assembly Members Mullin and V. Manuel  
Pérez)**

**(Coauthors: Assembly Members Brown, Ian Calderon, Perea, Stone,  
and Williams)**

February 22, 2013

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An act to add Part 1.87 (commencing with Section 34191.50) to Division 24 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1080, as introduced, Alejo. Community Revitalization and Investment Authorities.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain public entities of a community revitalization and investment area, as described, to form a community revitalization plan within a community revitalization and investment authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a community revitalization plan for a community Revitalization and

investment area and authorize the authority to include in that plan a provision for the receipt of tax increment funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) Certain areas of the state are generally  
2 characterized by buildings in which it is unsafe or unhealthy for  
3 persons to live or work, conditions that make the viable use of  
4 buildings or lots difficult, high business vacancies and lack of  
5 employment opportunities, and inadequate public improvements,  
6 water, or sewer utilities. It is the intent of the Legislature to create  
7 a planning and financing tool to support the revitalization of these  
8 communities.

9 (b) It is in the interest of the state to support the economic  
10 revitalization of these communities through tax increment  
11 financing.

12 (c) It is the intent of the Legislature to authorize the creation of  
13 Community Revitalization and Investment Authorities to invest  
14 tax increment revenue to relieve conditions of unemployment,  
15 reduce high crime rates, repair deteriorated or inadequate  
16 infrastructure, promote affordable housing, and improve conditions  
17 leading to increased employment opportunities.

18 SEC. 2. Part 1.87 (commencing with Section 34191.50) is  
19 added to Division 24 of the Health and Safety Code, to read:

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21 PART 1.87. COMMUNITY REVITALIZATION AND  
22 INVESTMENT AUTHORITIES  
23

24 34191.50. As used in this part, the following terms have the  
25 following meanings:

26 (a) "Authority" means the Community Revitalization and  
27 Investment Authority created pursuant to this part.

28 (b) "Plan" means a community revitalization plan.

29 34191.51. (a) A community revitalization and investment  
30 authority is a public body, corporate and politic, with jurisdiction  
31 to carry out a community revitalization plan within a community  
32 revitalization and investment area. The authority shall be deemed  
33 to be an "agency" as defined Section 33003 for purposes of

1 receiving tax increment revenues pursuant to Article XVI of section  
2 16 of the California Constitution. The authority shall have only  
3 those powers and duties specifically set forth in Section 3.

4 (b) An authority may be created in one of the following ways:

5 (1) A city, county, or city and county may adopt a resolution  
6 creating an authority and appointing the governing board. The  
7 composition of the governing board shall be comprised as set forth  
8 in subdivision (c).

9 (2) A city, county, city and county, and special district as defined  
10 in subdivision (m) of Section 95 of the Revenue and Taxation  
11 Code, or any combination thereof, may create an authority by  
12 entering into a joint powers agreement pursuant to Chapter 5  
13 (commencing with Section 6500) of Division 7 of Title I of the  
14 Government Code. The joint powers agreement shall establish the  
15 composition of the governing board.

16 (c) The governing board of an authority created pursuant to  
17 paragraph (1) of subdivision (b) shall include three members of  
18 the governing board of the city, county, or city and county that  
19 created the authority and two public members. The two public  
20 members shall live or work within the community revitalization  
21 and investment area.

22 (d) An authority may carry out a community revitalization plan  
23 within a community revitalization and investment area. Not less  
24 than 80 percent of the land calculated by census tracts within the  
25 area shall be characterized by the following conditions:

26 (1) An annual median household income that is less than 80  
27 percent of the statewide annual median income.

28 (2) Three of the following four conditions:

29 (A) Unemployment that is at least 3 percent higher than  
30 statewide median unemployment.

31 (B) Crime rates that are 5 percent higher than the statewide  
32 median crime rate.

33 (C) Deteriorated or inadequate infrastructure such as streets,  
34 sidewalks, water supply, sewer treatment or processing, and parks.

35 (D) Deteriorated commercial or residential structures.

36 (e) An authority may also carry out a community revitalization  
37 plan within a community revitalization and investment area  
38 established within a former military base that is principally  
39 characterized by deteriorated or inadequate infrastructure and  
40 structures.

(f) The conditions described in subdivisions (d) and (e) shall constitute blight within the meaning of the Community Redevelopment Law. The authority shall not be required to make a finding of blight or conduct a survey of blight within the area.

(g) An authority created pursuant to this part shall be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code).

34191.53. An authority may do all of the following:

(a) Provide funding to rehabilitate, repair, upgrade, or construct infrastructure.

(b) Provide funding for low-and moderate-income housing.

(c) Remedy or remove a release of hazardous substances pursuant to the Polanco Redevelopment Act (Sections 33459 to 33459.8, inclusive).

(d) Provide for seismic retrofits of existing buildings pursuant to Section 33420.1.

(e) Acquire and transfer real property in accordance with paragraph (4) of subdivision (a) of Section 33333.2, Article 7 (commencing with Section 33390) of Part 1 of Division 24, and Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5, 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6, and 33445.

The authority shall retain controls and establish restrictions or covenants running with the land sold or leased for private use for such periods of time and under such conditions as are provided in the plan. The establishment of such controls is a public purpose under the provisions of this part.

(f) Issue bonds pursuant to Article 5 (commencing with Section 33640) of Chapter 6 of Part 1 of Division 24.

(n) An authority may borrow money, receive grants, or accept financial or other assistance or investment from the state or the federal government or any other public agency or private lending institution for any project or within its area of operation, and may comply with any conditions of the loan or grant. An authority may qualify for funding as a disadvantaged community as determined

1 by the California Environmental Protection Agency pursuant to  
2 Section 79505.5 of the Water Code or as defined by Section  
3 56033.5 of the Government Code. An authority may also  
4 coordinate with a qualified community development entity that  
5 has entered into an allocation agreement with the Community  
6 Development Financial Institutions Fund of the United States  
7 Department of the Treasury with respect to credits authorized by  
8 Section 45D of the Internal Revenue Code of 1986, to maximize  
9 the benefits associated with the New Markets Tax Credit.

10 (o) At any time after the authority is authorized to transact  
11 business and exercise its powers, the legislative body or bodies of  
12 the local government that created the authority may appropriate  
13 the amounts the legislative body or bodies deem necessary for the  
14 administrative expenses and overhead of the authority.

15 The money appropriated may be paid to the authority as a grant  
16 to defray the expenses and overhead, or as a loan to be repaid upon  
17 such terms and conditions as the legislative body may provide. If  
18 appropriated as a loan, the property owners within the plan area  
19 shall be made third party beneficiaries of the repayment of the  
20 loan. In addition to the common understanding and usual  
21 interpretation of the term, “administrative expense” includes, but  
22 is not limited to, expenses of planning and dissemination of  
23 information.

24 (p) Adopt a community revitalization and investment plan  
25 pursuant to Section 34191.55.

26 (q) Make loans or grants for owners or tenants to improve,  
27 rehabilitate, or retrofit buildings or structures within the plan area.

28 (r) Provide direct assistance to businesses within the plan area  
29 in connection with new or existing facilities for industrial or  
30 manufacturing uses.

31 34191.55. An authority shall adopt a community revitalization  
32 and investment plan that may include a provision for the receipt  
33 of tax increment funds generated within the area according to  
34 Section 33670 provided the plan includes each of the following  
35 elements:

36 (a) A statement of the principal goals and objectives of the plan.

37 (b) A description of the deteriorated or inadequate infrastructure  
38 within the area and a program for construction of adequate  
39 infrastructure or repair or upgrading of existing infrastructure.

1 (c) A program that complies with Sections 33334.2 and  
2 33334.12. If the authority makes a finding that combining funding  
3 received under this program with other funding for the same  
4 purpose shall reduce administrative costs or expedite the  
5 construction of affordable housing, then an authority may transfer  
6 funding from the program to a private nonprofit corporation, to  
7 the housing authority within the territorial jurisdiction of the local  
8 jurisdiction that created the authority, or to the entity that received  
9 the housing assets of the former redevelopment agency pursuant  
10 to Section 34176. Any recipient of funds transferred pursuant to  
11 this subdivision shall comply with each of the requirements of  
12 Sections 33334.2 and 33334.12. The program adopted pursuant  
13 to this subdivision shall comply with the provisions of Section  
14 33413.

15 (d) A program to remedy or remove a release of hazardous  
16 substances, if applicable.

17 (e) A program to provide funding for or otherwise facilitate the  
18 economic revitalization of the area.

19 (f) A fiscal analysis setting forth the projected receipt of revenue  
20 and projected expenses over a five-year planning horizon.

21 34191.57. (a) The authority shall consider adoption of the plan  
22 at two public hearings which shall take place at least thirty days'  
23 apart. At the first public hearing, the authority shall hear all written  
24 and oral comments but take no action. At the second public hearing,  
25 the authority shall consider all written and oral comments and take  
26 action to modify, adopt, or reject the plan.

27 (b) The draft plan shall be made available to the public and to  
28 each property owner within the area at a meeting held at least thirty  
29 days prior to the notice given for the first public hearing. The  
30 purposes of the meeting shall be to allow the staff of the authority  
31 to present the draft plan, answer questions about the plan, and  
32 consider comments about the plan.

33 (c) (1) Notice of the first public hearing shall be given by  
34 publication not less than once a week for four successive weeks  
35 in a newspaper of general circulation published in the county in  
36 which the area lies and shall be mailed to each property owner  
37 within the proposed area of the plan. Notice of the second public  
38 hearing shall be given by publication not less than ten days prior  
39 to the date of the second public hearing in a newspaper of general  
40 circulation published in the county in which the area lies and shall

1 be mailed to each property owner within the proposed area of the  
2 plan. The notice shall do all of the following:

3 (A) Describe specifically the boundaries of the proposed area.

4 (B) Describe the purpose of the plan.

5 (C) State the day, hour, and place when and where any and all  
6 persons having any comments on the proposed plan may appear  
7 to provide written or oral comments to the authority.

8 (D) Notice of second public hearing shall include a summary  
9 of the changes made to the plan as a result of the oral and written  
10 testimony received at or before the public hearing and shall identify  
11 a location accessible to the public where the plan to be presented  
12 at the second public hearing can be reviewed.

13 (2) The authority may provide notice of the public hearings to  
14 tenants of properties within the proposed area of the plan in a  
15 manner of its choosing.

16 (d) At the hour set in the notice required by subdivision (a), the  
17 authority shall consider all written and oral comments.

18 (e) The authority may adopt the plan at the conclusion of the  
19 second public hearing by ordinance. The ordinance adopting the  
20 plan shall be subject to referendum as prescribed by law for the  
21 ordinances of the local jurisdiction that created the authority.

22 (f) The redevelopment plan referred to in Section 33670 shall  
23 be the plan adopted pursuant to this section.

24 34191.59. (a) The plan adopted pursuant to Section 34191.57  
25 may include a provision for the receipt of tax increment funds  
26 according to Section 33670 in accordance with this section.

27 (b) The plan shall limit the taxes that are allocated to the  
28 authority to those defined in Section 33670 collected for the benefit  
29 of the taxing agencies that have adopted a resolution pursuant to  
30 subdivision (d).

31 (c) The provision for the receipt of tax increment funds shall  
32 become effective in the tax year that begins after the December 1  
33 first following the adoption of the plan.

34 (d) At any time prior to or after adoption of the plan, any city,  
35 county, or special district as defined in subdivision (m) of Section  
36 95 of the Revenue and Taxation Code that receives ad valorem  
37 property taxes from property located within an area may adopt a  
38 resolution directing the county auditor-controller to allocate its  
39 share of tax increment funds within the area covered by the plan  
40 according to Section 33670 to the authority. The resolution adopted

1 pursuant to this subdivision may direct the county auditor-controller  
2 to allocate less than the full amount of the tax increment, establish  
3 a maximum amount of time in years that the allocation takes place,  
4 or limit the use of the funds by the authority for specific purposes  
5 or programs. A resolution adopted pursuant to this subdivision  
6 may be repealed and be of no further effect by giving the county  
7 auditor-controller sixty days' notice provided, however, that the  
8 county auditor-controller shall continue to allocate to the authority  
9 the taxing entity's share of ad valorem property taxes that have  
10 been pledged to the repayment of debt issued by the authority until  
11 the debt has been fully repaid.

12 (e) Upon adoption of a plan that includes a provision for the  
13 receipt of tax increment funds according to Section 33670, the  
14 county auditor-controller shall allocate tax increment revenue to  
15 the authority as follows:

16 (1) If the authority was formed pursuant to paragraph (1) of  
17 subdivision (b) of Section 34191.51, the authority shall be allocated  
18 each year specified in the plan that portion of the taxes levied for  
19 each city, county, city and county, and special district that has  
20 adopted a resolution pursuant to subdivision (d), in excess of the  
21 amount specified in subdivision (a) of Section 33670.

22 (2) If the authority was formed pursuant to paragraph (2) of  
23 subdivision (b) of Section 34191.51, the authority shall be allocated  
24 each year specified in the plan that portion of the taxes levied for  
25 each jurisdiction as provided in the joint powers agreement in  
26 excess of the amount specified in subdivision (a) of Section 33670.

27 (f) If an area includes, in whole or in part, land formerly or  
28 currently designated as a part of a redevelopment project area, as  
29 defined in Section 33320.1, any plan adopted pursuant to this part  
30 that includes a provision for the receipt of tax increment revenues  
31 according to Section 33670 shall include a provision that tax  
32 increment amounts collected and received by an authority shall  
33 not be used for the payment of any preexisting enforceable  
34 obligation as that term is defined by Section 34171.

35 34191.61. (a) The authority shall review the plan at least  
36 annually and make any modifications that are necessary and  
37 appropriate in accordance with the provisions of this section, and  
38 shall require the preparation of an annual independent financial  
39 audit paid for from revenues of the authority.



1 (b) After holding a public hearing, an authority shall adopt a  
2 report on or before June 30 of each year. Written copies of the  
3 draft report shall be made available to the public thirty days prior  
4 to the public hearing. The clerk of the legislative body shall post  
5 the draft report in an easily identifiable and accessible location on  
6 the authority's Internet Web Site and shall mail a written notice  
7 of the availability of the draft report on the Web Site to each owner  
8 of land within the area covered by the plan and to each taxing  
9 entity that has adopted a resolution pursuant to subdivision (d) of  
10 Section 34191.59.

11 (c) The annual report shall contain all of the following:

12 (1) A description of the projects undertaken in the fiscal year  
13 and a comparison of the progress expected to be made on those  
14 projects compared to the actual progress.

15 (2) A chart comparing the actual revenues and expenses of the  
16 authority to the budgeted revenues and expenses

17 (3) The amount of tax increment revenues received.

18 (4) The amount of revenues received for low-and  
19 moderate-income housing

20 (5) The amount of revenues expended for low-and  
21 moderate-income housing.

22 (6) An assessment of the status regarding completion of the  
23 authority's projects.

24 (c) If the authority fails to provide the annual report required  
25 by subdivision (a), the authority shall not spend any funds received  
26 pursuant to a resolution adopted pursuant to subdivision (d) of  
27 Section 34191.59.

28 (d) Every 10 years, at the public hearing held pursuant to  
29 subdivision (a), the authority shall conduct a protest proceeding  
30 to consider whether the property owners within the plan area wish  
31 to present oral or written protests against the authority. Notice of  
32 his protest proceeding shall be included in the written notice of  
33 the hearing on the annual report and shall inform the property  
34 owner of his or her right to submit an oral or written protest before  
35 the close of the public hearing. The protest may state that the  
36 property owner objects to the authority taking action to implement  
37 the plan on and after the effective date of the election described  
38 in subdivision (e). The authority shall consider all written and oral  
39 protests received prior to the close of the public hearing.

1 (e) If there is a majority protest, the authority shall call an  
2 election of the property owners in the area covered by the plan,  
3 and shall not initiate or authorize any new projects until the election  
4 is held. A majority protest exists if protests have been filed  
5 representing over 50 percent of the assessed value in the area.

6 (f) An election required pursuant to subdivision (e) shall be held  
7 within 90 days of the public hearing and may be held by mail-in  
8 ballot.

9 (g) If a majority of the property owners, weighted proportional  
10 to the assessed value of their property, vote against the authority,  
11 then the authority shall not take any further action to implement  
12 the plan on and after the effective date of the election held pursuant  
13 to subdivision (e). This section shall not prevent the authority from  
14 taking any and all actions and appropriating and expending funds,  
15 including but not limited to any and all payments on bonded or  
16 contractual indebtedness, to carry out and complete projects for  
17 which expenditures of any kind had been made prior to the effective  
18 date of the election.